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Message Text

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73
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 TRSE-00 OMB-01 FRB-01 XMB-04

AID-05 DODE-00 PA-02 USIA-15 PRS-01 SP-02 L-03 /076 W
---------- 065772
R 251357Z MAY 76
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 5428
INFO AMEMBASSY ABU DHABI
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN
USINT BAGHDAD

UNCLAS KUWAIT 2540

PASS TREASURY

STATE FOR NEA/RA MATTSON

E.O. 11652: N/A
TAGS: ELAB, KU
SUBJ: BANK STRIKE THREAT WAXES, THEN WANES

REF: (A) KUWAIT 1446; (B) KUWAIT 1181

1. BANK STRIKE THREAT WHICH FLARED BRIEFLY IN MARCH (REFTELS) RENEWED RECENTLY, WITH LOCAL PRESS REPORTING CALL BY CHAIRMAN OF UNION OF BANK EMPLOYEES FOR A STRIKE ON SUNDAY, MAY 23 OF EMPLOYEES OF THE SIX COMMERCIAL BANKS IN KUWAIT. STRIKE CALL FOLLOWED BREAKDOWN IN NEGOTIATIONS WITH BANK MANAGEMENT COMMITTEE PREVIOUS THURSDAY. LOCAL ARABIC AND ENGLISH-LANGUAGE PAPERS ALSO PRINTED ADVERTISEMENT OF COMMITTEE EXPLAINING ITS POSITION ON DISPUTE.
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2. ACCORDING TO ONE BANK OFFICIAL, CURRENT DISPUTE CENTERS ON UNION DEMAND FOR THE ESTABLISHMENT OF UNIFIED JOB CLASSIFICATION SYSTEM, COMPRISING ALL LEVELS OF JOBS, FOR ALL THE COMMERCIAL BANKS, IN ACCORDANCE WITH 1974 AGREEMENT ENDING THAT YEAR'S BANK STRIKE, THIS IN ADDITION TO DEMAND FOR INCREMENTS IN BASIC SALARY TO MEET RISING LIVING COSTS. BANKS FLATLY REJECTED UNION INTERPRETATION OF 1974 ACCORD, AT WHICH POINT UNION OFFICIALS THREATENED STRIKE.

3. SHEIKH SALEM AL-SABAH, MINISTER OF SOCIAL AFFAIRS AND LABOR (MSAL), INTERVENED ON SATURDAY, HOWEVER, AND IN SEPARATE MEETINGS WITH UNION AND BANK REPS SECURED AGREEMENT ON A COMPROMISE PROPOSAL. PACKAGE CALLS ON UNION TO ACCEPT BANK'S OFFER IN REGARDS TO INCREMENTS (40 PERCENT INCREASE IN BASIC SALARY-ALLOWANCES FOR FIRST KD100; WITH 15 PERCENT AND 5 PERCENT INCREASES FOR SECOND AND THIRD KD100--BANKS HAD PREVIOUSLY OFFERED ONLY 20 PERCENT) AND A DELINKING OF CLASSIFICATION DEMANDS. BANKS PROMISED TO STUDY AND DECIDE WITHIN THREE MONTHS A MORE LIMITED PROPOSAL TO ESTABLISH A UNIFORM MINIMUM SALARY SCHEDULE. PACKAGE HAS BEEN ACCEPTED BY UNION LEADERSHIP AND (PRESUMABLY) BY BANKS MANAGEMENT COMMITTEE. UNION MEMBERS ARE EXPECTED TO VOTE FAVORABLY ON PROPOSALS IN THEIR GENERAL MEETING, MAY 24.

4. COMMENT: UNREST IN BANKING SECTOR IS AN INTERESTING EXAMPLE OF THE EFFECT OF KUWAIT'S RISING LIVING COSTS ON SOCIAL AND ECONOMIC CONDITIONS HERE. THOUGH "LEGAL SYSTEM" CHANGES (CONCERNING JOB CLASSIFICATION) IS AS IMPORTANT AN ISSUE TO UNION AS INCREMENTS, PRESSURE FROM COST OF LIVING INCREASES (BANKS USED AN INFLATION FIGURE OF 8 PERCENT, BUT ACTUAL FIGURE IS MORE LIKELY HIGHER) HAS PUSHED "BREAD AND BUTTER" ISSUE TO THE FOREFRONT. DISPUTE ALSO HIGHLIGHTS MSAL'S OPPOSITION TO STRIKES IN ANY FORM AND ITS WILLINGNESS TO EXERT EFFORT TO FIND COMROMISES, DELAYS, ETC. TO AVOID THEM. (FYI-EMBASSY UNDERSTANDS THAT MSAL WILL ENDEAVOR TO OBTAIN BANK APPROVAL OF MEASURES TO REGULARIZE WOMEWHAT THEIR JOB CLASSINICATION AND COMPENSATION SYSTEM. MINISTER HAS REQUESTED FROM ANOTHER BANK (NOT INVOLVED IN DISPUTE) WITH AMERICAN AFFILITATIONS INFORMATION ON THEIR, MORE MODERN, JOB CLASSIFICATION SYSTEM. END FYI).
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Decaption Note:
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Disposition Authority: n/a
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Disposition Comment:
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